

# U.S. BUSINESS OPPORTUNITY

## SAN LUIS POTOSÍ RUNWAY EXPANSION AND MODERNIZATION

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For more information on this project, possible financing options and export opportunities in Mexico, contact:

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### Overview

The San Luis Potosí International Airport (SLP) Runway Expansion and Modernization Feasibility Study analyzed the improvement SLP's infrastructure in order to alleviate airport congestion, attract additional U.S. and Mexican airline and cargo service, and enhance regional growth.

### Project Description

The main objective of the study was to assess the extension of the primary runway (Runway 14-32) to accommodate larger aircraft, which would in turn facilitate the handling of current and projected passenger and cargo traffic volumes. The study also assessed the development of facilities to complement an integrated logistics center, accommodate the growth of air express service, and provide an opportunity to increase regional air service.

The key tasks involved in this effort included:

- Data collection
- Airport assessment and analysis
- Passenger and cargo demand forecast
- Facility requirements
- Economic analysis
- Financial analysis
- Airport development plan
- Environmental analysis

Air traffic demand at SLP experienced steady growth in the period 2003-2008. Total enplanements increased by 51% to 261,045 in 2008, while total operations increased by an average of 15% to 22,184. This growth is the result of a rapidly developing region supported by the Secretary of Economic Development's aggressive economic development program.

The airport experienced a noticeable drop in enplanements and operations in 2009. Factors contributing to the drop in activity included the cost of fuel and the global recession.

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The facility requirements analysis established general facility requirements for the airport to adequately accommodate various demands forecast during the 20-year planning period. Future requirements were first analyzed with respect to safety standards, capacity, security, and efficiency. These requirements are generally driven by regulations or governmental standards. Future requirements were also analyzed with respect to development and service goals of the airport as well as broader community objectives.

The SLP development plan is divided into the following separate but interrelated functional areas:

- Runways and taxiways
- Air cargo
- Commercial terminal building/apron
- General Aviation
- Industrial/commercial development
- Roadway improvements

The airport development plan provides expansion initiatives that most effectively meet the overall short, medium, and long-range goals of SLP, in a manner that preserves a substantial amount of available land on-airport for future development, while significantly enhancing operations safety and increasing the airfield efficiency and overall capacity. The long-term development plan illustrates the proposed airfield and landside improvements.

### Status and Implementation

Since the completion of the USTDA-funded study in 2010, OMA has been working the State Government of San Luis Potosi to promote the project and obtain implementation financing.

The study identified three phases of expansion and modernization for SLP as follows:

#### Phase I

(Present to 2013)

Air cargo expansion

(2 buildings, 2 aircraft positions, truck staging, auto parking)

#### Phase II

(2014-2018)

Extend Runway 14-32

General Aviation (GA) Hangar expansion

Taxiway connector for GA

Air cargo expansion

(2 buildings, 4 aircraft positions, truck staging, auto parking)

Expand fuel storage for Jet A and aviation gasoline

Industrial Park development

#### Phase III

(2019-2023)

Expand terminal

Apron (2 positions)

Expand terminal building/automobile parking

GA hangar expansion

GA terminal/automobile parking/roadways

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Air cargo expansion (2 buildings, 4 aircraft positions, truck staging, auto parking)  
Expand fuel storage for Jet A Industrial Park development

**2024 and Beyond**  
Parallel taxiway to 14-32  
Parallel taxiway to 4-22  
GA hangar expansion  
GA apron expansion  
Industrial Park development

### Project Cost and Financing

The project costs and financing is as follows:

<b>Extension of Runway 14-32</b> Varies from \$11.6 to \$13.7 million	<b>General Aviation</b> Varies from \$38.7 to \$49.3 million
<b>Future Taxiway Improvements</b> Parallel to Runway 14-32 (\$16.8 million) Parallel to Runway 4-22 (\$4.0 million)	<b>Industrial Park</b> Varies from \$2.3 to \$15.8 million
<b>Future Terminal Improvements</b> Building and Apron (\$12.4 million)	<b>Access Roads</b> Airport Access (\$16.1 million) Southeast Industrial (\$8.8 million) Northeast Industrial (\$9.9 million)
<b>Air Cargo</b> Varies from \$88.4 to \$91.7 million	

### Funding Sources

The following sources are available for consideration in the financial model's plan of finance. Among these are:

- Private Equity Capital - Private equity provided by OMA, SLP's concessionaire, provides a potential source of upfront capital. All capital provided by OMA would require an investment rate of return above the firm's internal hurdle rate
- Landing Fees - Under the current airport concession agreement, the airport's landing fees for domestic and international commercial flights are not available to fund necessary airfield improvements at SLP, such as the runway extension and related projects. Under some of the analyzed scenarios, it was assumed that OMA would be able to agree with the government, for instance, to use for construction of the runway extension only the portion of landing fees generated by aircraft operations whose size would require the use the extension of Runway 14-32. These aircrafts would be mainly serving transport international cargo
- Cargo Handling Fee – It would be a new fee for international cargo handling. Currently, this fee is not imposed in any Mexican airport, but several airports in the U.S., Europe and Asia already apply it
- San Luis Potosí State Grants – It has been assumed that the state government of San Luis Potosí may provide a grant to support certain projects